

115TH CONGRESS
1ST SESSION

S. 1552

To amend the Internal Revenue Code of 1986 to allow individuals to designate that up to 10 percent of their income tax liability be used to reduce the national debt, and to require spending reductions equal to the amounts so designated.

IN THE SENATE OF THE UNITED STATES

JULY 13, 2017

Mr. FLAKE introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow individuals to designate that up to 10 percent of their income tax liability be used to reduce the national debt, and to require spending reductions equal to the amounts so designated.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Debt Buy-Down Act”.

1 **SEC. 2. DESIGNATION OF AMOUNTS FOR REDUCTION OF**
 2 **PUBLIC DEBT.**

3 (a) IN GENERAL.—Subchapter A of chapter 61 of the
 4 Internal Revenue Code of 1986 (relating to returns and
 5 records) is amended by adding at the end the following
 6 new part:

7 **“PART IX—DESIGNATION FOR REDUCTION OF**
 8 **PUBLIC DEBT**

“Sec. 6097. Designation.

9 **“SEC. 6097. DESIGNATION.**

10 “(a) IN GENERAL.—Every individual with adjusted
 11 income tax liability for any taxable year may designate
 12 that a portion of such liability (not to exceed 10 percent
 13 thereof) shall be used to reduce the public debt.

14 “(b) MANNER AND TIME OF DESIGNATION.—A des-
 15 ignation under subsection (a) may be made with respect
 16 to any taxable year only at the time of filing the return
 17 of tax imposed by chapter 1 for the taxable year. The des-
 18 ignation shall be made on the first page of the return or
 19 on the page bearing the taxpayer’s signature.

20 “(c) ADJUSTED INCOME TAX LIABILITY.—For pur-
 21 poses of this section, the adjusted income tax liability of
 22 an individual for any taxable year is the income tax liabil-
 23 ity of the individual for the taxable year determined under
 24 section 6096(b), reduced by any amount designated under
 25 section 6096(a).”.

1 (b) CLERICAL AMENDMENT.—The table of parts for
 2 such subchapter A is amended by adding at the end the
 3 following new item:

“PART IX. DESIGNATION FOR REDUCTION OF PUBLIC DEBT”.

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to taxable years ending after the
 6 date of the enactment of this Act.

7 **SEC. 3. PUBLIC DEBT REDUCTION TRUST FUND.**

8 (a) IN GENERAL.—Subchapter A of chapter 98 of the
 9 Internal Revenue Code of 1986 (relating to trust fund
 10 code) is amended by adding at the end the following sec-
 11 tion:

12 **“SEC. 9512. PUBLIC DEBT REDUCTION TRUST FUND.**

13 “(a) CREATION OF TRUST FUND.—There is estab-
 14 lished in the Treasury of the United States a trust fund
 15 to be known as the ‘Public Debt Reduction Trust Fund’,
 16 consisting of any amount appropriated or credited to the
 17 Trust Fund as provided in this section or section 9602(b).

18 “(b) TRANSFERS TO TRUST FUND.—There are here-
 19 by appropriated to the Public Debt Reduction Trust Fund
 20 amounts equivalent to the amounts designated under sec-
 21 tion 6097 (relating to designation for public debt reduc-
 22 tion).

23 “(c) EXPENDITURES.—Amounts in the Public Debt
 24 Reduction Trust Fund shall be used by the Secretary for
 25 purposes of paying at maturity, or to redeem or buy before

1 maturity, any obligation of the Federal Government in-
 2 cluded in the public debt (other than an obligation held
 3 by the Federal Old-Age and Survivors Insurance Trust
 4 Fund, or the Department of Defense Military Retirement
 5 Fund). Any obligation which is paid, redeemed, or bought
 6 with amounts from the Public Debt Reduction Trust Fund
 7 shall be canceled and retired and may not be reissued.”.

8 (b) CLERICAL AMENDMENT.—The table of sections
 9 for such subchapter is amended by adding at the end the
 10 following new item:

“Sec. 9512. Public Debt Reduction Trust Fund.”.

11 (c) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to amounts received after the date
 13 of the enactment of this Act.

14 **SEC. 4. TAXPAYER-GENERATED SEQUESTRATION OF FED-**
 15 **ERAL SPENDING TO REDUCE THE PUBLIC**
 16 **DEBT.**

17 (a) SEQUESTRATION TO REDUCE THE PUBLIC
 18 DEBT.—Part C of the Balanced Budget and Emergency
 19 Deficit Control Act of 1985 is amended by inserting after
 20 section 253 the following new section:

21 **“SEC. 253A. SEQUESTRATION TO REDUCE THE PUBLIC**
 22 **DEBT.**

23 “(a) SEQUESTRATION.—Within 15 days after Con-
 24 gress adjourns to end a session, and on the same day as
 25 sequestration (if any) under sections 251, 252, and 253,

1 and under section 5(b) of the Statutory Pay-As-You-Go
2 Act of 2010, but after any sequestration required by those
3 sections, there shall be a sequestration equivalent to the
4 estimated aggregate amount designated under section
5 6097 of the Internal Revenue Code of 1986 for the last
6 taxable year ending 1 year before the beginning of that
7 session of Congress, as estimated by the Department of
8 the Treasury on October 1 and as modified by the total
9 of—

10 “(1) any amounts by which net discretionary
11 spending is reduced by an Act of Congress to be
12 below the discretionary spending limits that is en-
13 acted after the date of enactment of this section and
14 relate to the fiscal year subject to the sequestration
15 (or, in the absence of such limits, any net deficit
16 change from the baseline amount calculated under
17 section 257); and

18 “(2) the net deficit change that has resulted
19 from all direct spending legislation enacted after the
20 date of enactment of this section that relate to the
21 fiscal year subject to the sequestration, as estimated
22 by the Office of Management and Budget.

23 If the reduction in spending under paragraphs (1) and (2)
24 for a fiscal year is greater than the estimated aggregate
25 amount designated under section 6097 of the Internal

1 Revenue Code of 1986 for that fiscal year, then there shall
 2 be no sequestration under this section.

3 “(b) APPLICABILITY.—

4 “(1) IN GENERAL.—Notwithstanding sections
 5 255 and 256, and except as provided by paragraph
 6 (2), each account of the United States shall be re-
 7 duced by a dollar amount calculated by multiplying
 8 the level of budgetary resources in that account at
 9 that time by the uniform percentage necessary to
 10 carry out subsection (a). All obligational authority
 11 reduced under this section shall be done in a manner
 12 that makes such reductions permanent.

13 “(2) EXEMPT ACCOUNTS.—No order issued
 14 under this section may—

15 “(A) reduce benefits payable to the old-age
 16 and survivors insurance program established
 17 under title II of the Social Security Act;

18 “(B) reduce retired or retainer pay payable
 19 to a member or former member of the uni-
 20 formed services; or

21 “(C) reduce payments for net interest (all
 22 of major functional category 900).”.

23 (b) REPORTS.—Section 254 of the Balanced Budget
 24 and Emergency Deficit Control Act of 1985 is amended—

1 (1) in subsection (a), by adding at the end of
2 the table the following new item:

“October 1	Department of the Treasury report to Congress estimating amount of income tax designated pursuant to section 6097 of the Internal Revenue Code of 1986.”;
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3 (2) in subsection (c)—

4 (A) in paragraph (1), by inserting “, and
5 sequestration to reduce the public debt,” after
6 “sequestration”;

7 (B) by redesignating paragraph (5) as
8 paragraph (6); and

9 (C) by inserting after paragraph (4) the
10 following:

11 “(5) REPORTS ON SEQUESTRATION TO REDUCE
12 THE PUBLIC DEBT.—The preview reports shall set
13 forth for the budget year estimates for each of the
14 following:

15 “(A) The aggregate amount designated
16 under section 6097 of the Internal Revenue
17 Code of 1986 for the last taxable year ending
18 before the budget year.

19 “(B) The amount of reductions required
20 under section 253A and the deficit remaining
21 after those reductions have been made.

1 “(C) The sequestration percentage nec-
 2 essary to achieve the required reduction in ac-
 3 counts under section 253A(b).”; and
 4 (3) in subsection (f)—

5 (A) by redesignating paragraphs (4) and
 6 (5) as paragraphs (5) and (6), respectively; and

7 (B) by inserting after paragraph (3) the
 8 following:

9 “(4) REPORTS ON SEQUESTRATION TO REDUCE
 10 THE PUBLIC DEBT.—The final reports shall contain
 11 all of the information contained in the public debt
 12 taxation designation report required on October 1.”.

13 (c) CONFORMING AMENDMENT.—The table of con-
 14 tents in section 250(a) of the Balanced Budget and Emer-
 15 gency Deficit Control Act of 1985 is amended by inserting
 16 after the item relating to section 253 the following:

 “Sec. 253A. Sequestration to reduce the public debt.”.

17 (d) SUNSET.—The amendments made by this section
 18 shall cease to have force or effect after the first fiscal year
 19 during which there is no public debt.

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